GOVERNMENT OF INDIA
LABOUR AND EMPLOYMENT
LOK SABHA

STARRED QUESTION NO:330
ANSWERED ON:22.12.2008
CUTS IN WAGES
Adhalrao Patil Shri Shivaji;Tripathy Shri Braja Kishore

Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

(a) whether the International Labour Organisation has warned of big cuts in the wages of labourers/workers in the country and urged the Government of India for urgent steps to protect the interests of labourers/workers;

(b) if so, the details thereof and the reaction of the Union Government thereto;and

(c) the steps taken by the Union Government to ensure minimum wages to the labourers/workers?

Answer

MINISTER OF THE STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF LABOUR AND EMPLOYMENT (SHRI OSCAR FERNANDES)

(a) to (c): A statement is laid on the Table of the House.

Statement referred to in reply to Parts (a) to (c) of Lok Sabha Starred Question No.330 for 22.12.2008 by Shri Adhalrao Patil Shivajirao and Shri.Braja Kishore Tripathy regarding Cuts in Wages.

(a) & (b): The ILO, in its Global Wage Report 2008/09, has observed that the increase in average wage in real terms for the countries included in the sample at global level (1.9% per annum) has lagged behind the growth in per capita Gross Domestic Product 4.0% per annum) during the period 2001-07. This indicates that the increases in productivity have not translated fully into higher wages. During the period 1995-2007,it is observed that each additional one percent in annual growth of GDP per capita led to,on an average,increase of only 0.75 percent in the annual growth of wages in real terms. The Global Wage Report emphasizes that in view of these observations, there is a need for renewed interest in determination of minimum wages and collective bargaining, which should be complemented by public intervention.This would benefit particularly the poorer households and the low wage earners.

While the observations made in the Global Wage Report are relevant in India, a system is in place to fix and revise minimum wages statutorily and for wage determination through collective bargaining.

(c):In order to ensure the payment of minimum wages under the Minimum Wages Act,1948, compliance is sought to be secured at two levels.While in the Central sphere, the enforcement is secured through the Inspecting Officers of the Chief Labour Commissioner (Central) commonly designated as Central Industrial Relations Machinery (CIRM), compliance in the State sphere is ensured through the State Enforcement Machinery. Officials conduct regular inspections and in the event of detection of any case of non-payment or under-payment of minimum wages,they advise the employers to make good the shortfall of wages. In case of non-compliance, penal provisions prescribed in the Act are resorted to.